

Message Text

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PAGE 01 LONDON 06851 271718Z
ACTION STR-04

INFO OCT-01 EUR-12 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05
SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
/100 W

-----272359Z 014915 /45

R 271734Z APR 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 3140
INFO USMISSION EC BRUSSELS
USDEL MTN GENEVA
USMISSION GENEVA
USMISSION OECD PARIS
AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY BRUSSELS
AMEMBASSY THE HAGUE
AMEMBASSY COPENHAGEN
AMEMBASSY LUXEMBOURG
AMEMBASSY DUBLIN

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PASS STR

E.O. 11652: N/A
TAGS: ETRD, UK
SUBJECT: AMBASSADOR STRAUSS' MEETINGS IN LONDON

1. STR ROBERT STRAUSS MET APRIL 25 IN LONDON WITH LEAD-
ING BRITISH OFFICIALS CONCERNED WITH TRADE, INCLUDING
SIR PETER THORNTON, PERMANENT SECRETARY, DEPARTMENT OF
TRADE; SIR ALAN NEALE' PERMANENT SECRETARY, MAFF;
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PAGE 02 LONDON 06851 271718Z

FRANK JUDD, MINISTER OF STATE, FCO; SIR JOHN HUNT,
SECRETARY OF THE CABINET. AND SIR ROY DENMAN, SECOND
PERMANENT SECRETARY, CABINET OFFICE. THE DISCUSSIONS
TOUCHED ON A WIDE RANGE OF TRADE MATTERS. PARTICULARLY
THE MULTILATERAL TRADE NEGOTIATIONS, THE ZENITH CASE AND
ITS IMPLICATIONS, AND THE TRADE PROBLEM INVOLVED IN THE
PROPOSED U.S. REBATE ON SMALL CARS. AMBASSADOR STRAUSS

ALSO DISCUSSED THE SUMMIT MEETING WITH HUNT AND US-EC RELATIONS WITH DENMAN.

2. A THEME WHICH WAS EMPHASIZED BY SEVERAL PARTICIPANTS ON THE BRITISH SIDE IS THE NEED FOR "SELECTIVITY" IN DEALING WITH TRADE DISRUPTIONS, I.E. THE ABILITY TO IMPOSE RESTRICTIONS LEGALLY ON THE SOURCE OF THE DISRUPTION WITHOUT APPLYING THE SAME MEASURES TO OTHER SOURCES OF IMPORTS. BOTH THORNTON AND JUDD EMPHASIZED AN IMPROVEMENT ON THE EXISTING SAFEGUARD RULES (PARTICULARLY ARTICLE 19 OF THE GATT) AS AN IMPORTANT OBJECTIVE IN THE MTN. THEY WERE NOT SPECIFIC AS TO JUST WHAT SHOULD BE DONE BEYOND THE CONCEPT OF LEGALIZING "SELECTIVITY," BUT THEY LINKED OVERALL PROGRESS IN THE MTN TO MEETING THIS PROBLEM.

3. THE BRITISH SIDE ALSO EMPHASIZED THE NEED FOR PRAGMATISM IN THE MTN APPROACH TO AGRICULTURE AND, CONVERSELY, THE NECESSITY OF AVOIDING PHILOSOPHICAL ATTACKS ON THE CAP. THEY EXPRESSED GENERAL OPTIMISM ON ACCOMPLISHING SOMETHING IN AGRICULTURE PROVIDED THE DEBATE IS KEPT ON A PRACTICAL RATHER THAN A PHILOSOPHICAL APPROACH.

4. THORNTON SAID THE PROVISIONAL APPLICATION OF THE GATT CONTINUES TO BE A PROBLEM; THE MTN SHOULD RESULT IN DEFINITIVE APPLICATION. HE SAID HE MEANT MOST SPECIFICALLY BY THIS A SOLUTION TO THE SUBSIDY-COUNTERVAILING PROBLEM THROUGH U.S. ACCEPTANCE OF AN INJURY TEST. THE LIMITED OFFICIAL USE

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PAGE 03 LONDON 06851 271718Z

LACK OF SUCH A SOLUTION WOULD AFFECT OTHERS SERIOUSLY. JUDD SAID THE U.S. LEGISLATION ON COUNTERVAILING CONCERNS THE UK, IN ADDITION TO ITS POTENTIAL TRADE EFFECTS, BECAUSE OF PRESSURE IT CREATES FOR SIMILAR RULES IN BRITAIN.

5. THE BRITISH WELCOMED AMBASSADOR STRAUSS' INTENT TO GET THE MTN MOVING AND HIS ASSURANCE THAT THE USG RECOGNIZES THE TRADE PROBLEM INVOLVED IN THE ENERGY PROGRAM CAR REBATE PROPOSAL AND INTENDS TO TAKE UP THE PROBLEM WITH THE COUNTRIES CONCERNED.

6. AMBASSADOR STRAUSS SPOKE TO THE TRADE POLICY RESEARCH CENTER THE EVENING OF APRIL 25. EXCERPTS ARE REPORTED IN THE USIS EUROPEAN WIRELESS FILE OF APRIL 26. THERE HAS BEEN VERY LITTLE PRESS REACTION TO THE SPEECH SO FAR. THE TIMES APRIL 26 REPORTED UNDER A HEADLINE "CARTER STANCE UPSETS BRITISH HOPES OF SWITCH ON FIBRES PACT" THAT STRAUSS HAD DASHED EUROPEAN HOPES OF A CHANGE IN

THE U.S. ATTITUDE ON MFA BY SAYING THE U.S. SEEKS
RENEWAL OF THE MFA WITHOUT CHANGE.

7. THIS MESSAGE PREPARED AFTER AMBASSADOR STRAUSS'
DEPARTURE AND HAS NOT BEEN CLEARED BY HIM.

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Message Attributes

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